

**DIRECT TESTIMONY OF
FELICIA D. HOWARD
ON BEHALF OF
SOUTH CAROLINA ELECTRIC & GAS COMPANY
DOCKET NO. 2018-5-G**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.**

2 A. My name is Felicia D. Howard, and my business address is 220 Operation
3 Way, Cayce, South Carolina. I am the Vice President of Gas Operations for South
4 Carolina Electric & Gas Company ("SCE&G" or the "Company").
5

6 **Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**
7 **BACKGROUND.**

8 A. I have a Bachelor of Science Degree in Electrical and Computer Engineering
9 and a Master of Business Administration Degree from the University of South
10 Carolina. Prior to joining SCE&G, I worked with Westinghouse Electric
11 Corporation in Asheville, North Carolina, where I provided technical support for
12 sales and marketing of equipment for electrical generators. In addition, I held other
13 positions with Westinghouse's Distribution and Control Business Unit in product
14 engineering, quality engineering, and technical sales in Sumter and Charleston,
15 South Carolina, and Charlotte, North Carolina.

16 I joined SCE&G in 1992 as a Quality Advisor for process improvement
17 efforts in the Fossil/Hydro Business Unit. During my tenure with SCE&G and
18 SCE&G's parent company, SCANA Corporation, I also worked as a Key Account

1 Manager for SCE&G's largest industrial customers; Manager of
2 Community/Economic Development and Local Government; and Director of
3 Demand Side Management. In February 2013, I assumed my current position as
4 Vice President of Gas Operations for SCE&G.

5
6 **Q. WHAT ARE YOUR DUTIES AS VICE PRESIDENT OF GAS**
7 **OPERATIONS?**

8 A. My corporate responsibilities include, among other things, oversight of the
9 daily operations of SCE&G's natural gas distribution system, including
10 maintenance, construction, and gas sales. I also am responsible for the overall
11 reliability of the system, which includes ensuring that the system is capable of
12 providing safe and reliable service to our customers.

13
14 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY.**

15 A. The purpose of my testimony is to provide the Commission with an overview
16 of SCE&G's gas purchasing practices for the period under review, August 1, 2017,
17 through July 31, 2018 ("Review Period"). I will describe SCE&G's natural gas
18 distribution system from an operations standpoint and discuss the primary facilities
19 that comprise the system, including the capacity of the system for serving SCE&G's
20 customers. I also will discuss the construction projects in which SCE&G is engaged
21 that are designed to increase the capacity, reliability, and operational flexibility of
22 SCE&G's system.

1 **I. PURCHASED GAS ADJUSTMENT PROCEEDING**

2 **Q. WHAT IS THE PURPOSE OF THIS PURCHASED GAS ADJUSTMENT**
3 **(“PGA”) PROCEEDING?**

4 **A.** By Order No. 87-898, dated August 14, 1987, the Commission instituted an
5 annual PGA review of SCE&G’s gas purchasing policies and practices. These PGA
6 reviews are conducted to determine the prudence of SCE&G’s gas purchasing
7 policies and practices during the period under review and to determine if SCE&G
8 properly applied its tariffs in recovering its gas costs.

9 It is worth noting that in every PGA review, the Commission has found that
10 SCE&G’s gas purchasing policies and practices were prudent and that the Company
11 properly adhered to the gas cost recovery provisions of its gas tariffs and applicable
12 Commission directives and orders.

13 In this PGA proceeding, the Company will provide testimony from personnel
14 who implement SCE&G’s gas purchasing practices and policies and who address
15 tariff issues on a day-to-day basis. Their testimony specifically relates to the
16 Review Period. Rose M. Jackson, General Manager – Supply & Asset
17 Management, explains SCE&G’s gas purchasing practices, gas supply and interstate
18 pipeline capacity. Rachel R. Elliott, Manager – Electric and Gas Regulatory
19 Accounting, discusses the PGA methodology for recovering the cost of gas
20 implemented by the Company pursuant to Commission Order Nos. 2006-679 and
21 2009-910.

1 **Q. PLEASE PROVIDE AN OVERVIEW OF SCE&G’S GAS PURCHASING**
2 **PRACTICES FOR THE REVIEW PERIOD.**

3 A. SCE&G’s management analyzes and considers the supply and interstate
4 capacity assets of its business on an on-going basis in order to provide safe, reliable,
5 and economical natural gas service in South Carolina. All of the variables related
6 to the growth in our state and the demand on SCE&G’s system must be balanced
7 with corresponding supply and capacity needs. Finally, I want to emphasize to the
8 Commission that the Company procured reliable and reasonably priced natural gas
9 supplies during the Review Period.

10
11 **II. SCE&G’S NATURAL GAS DISTRIBUTION SYSTEM**

12 **Q. PLEASE DESCRIBE SCE&G’S NATURAL GAS SYSTEM FROM AN**
13 **OPERATIONS STANDPOINT.**

14 A. As of December 31, 2017, SCE&G’s natural gas distribution system
15 consisted of more than 10,034 miles of pipeline which includes approximately 9,581
16 miles of distribution mains and 453 miles of transmission mains. SCE&G’s natural
17 gas system also consisted of more than 403,925 service lines which extend from the
18 Company distribution and transmission mains. The Company’s pipeline facilities
19 range in diameter from ½-inch distribution pipe to 20-inch transmission pipe and
20 carry natural gas under pressures typically ranging from 25 pounds per square inch
21 gauge (“psig”) to 1,100 psig in order to deliver safe and reliable natural gas service

1 to approximately 368,099 factories, businesses, and homes in South Carolina, as of
2 the end of the Review Period.

3
4 **Q. WHAT LIQUEFIED NATURAL GAS (“LNG”) FACILITIES DOES SCE&G**
5 **OPERATE?**

6 A. SCE&G owns and operates two LNG facilities. These facilities are located
7 at Bushy Park near North Charleston and at Salley in western Orangeburg County.
8 The LNG facilities allow SCE&G to store natural gas in liquid form and revaporize
9 it back into the pipeline when necessary. SCE&G primarily dispatches its LNG to
10 help meet high demand and to serve as a backup supply of gas in emergency
11 situations.

12
13 **Q. WHAT ARE THE CAPACITIES OF THE LNG FACILITIES?**

14 A. The Bushy Park facility has the capability of converting natural gas into a
15 liquid, a process known as liquefaction. It can store up to 980 million cubic feet of
16 LNG.

17 The Salley facility has the capability of storing up to 900 million cubic feet
18 of trucked-in LNG. LNG must be transported to Salley via truck because Salley
19 does not possess the ability to liquefy natural gas.

1 **Q. PLEASE DISCUSS THE GROWTH ON THE COMPANY'S SYSTEM**
2 **DURING THE REVIEW PERIOD.**

3 A. During the Review Period, SCE&G continued to experience growth on its
4 gas system. More specifically, SCE&G's total number of natural gas customers
5 grew by approximately 2.95%, which is largely attributable to the growth of our
6 residential class of customers because of new home construction occurring across
7 the Company's service territory.
8

9 **Q. WHAT STEPS HAS SCE&G TAKEN TO EXPAND ITS NATURAL GAS**
10 **SYSTEM DURING THE REVIEW PERIOD?**

11 A. Over the years, SCE&G has expanded its system as needed by adding
12 pipeline to reliably serve its new and existing customers and create operating
13 flexibility on its system. Expansion of the system is also designed to accommodate
14 population growth throughout South Carolina. For example, during the Review
15 Period, SCE&G installed approximately 17,500 feet of 6-inch pipeline to serve new
16 residential and commercial growth in Chapin, as well as the Chapin Technology
17 Park. The Company also completed the relocation of almost 17,000 feet of 6-inch
18 pipeline as part of a South Carolina Department of Transportation road widening
19 project of U.S. Highway 25 in Edgefield County. In Aiken, the Company installed
20 11,500 feet of 4-inch pipeline along Banks Mill Road to improve system reliability.

21 In the Sumter area, the Company installed approximately 4,300 feet of 6-inch
22 pipeline along Highway 441 to serve residential and commercial customers and to

1 provide improved system reliability. In the Florence area, SCE&G installed
2 approximately 9,000 feet of 6-inch pipeline and 1,600 feet of 4-inch pipeline along
3 Koppers Road and Estate Road to serve industrial customers and to provide
4 improved system reliability. In the Conway area, SCE&G installed approximately
5 12,200 feet of 12-inch pipeline along Hemingway Chapel Road to serve residential,
6 commercial, and industrial customers.

7 In the Charleston area, the Company installed 7,000 feet of 6-inch, 500 feet
8 of 4-inch, and 800 feet of 2-inch pipeline to serve the Mercedes Benz plant
9 expansion in North Charleston. The Company also installed 12,500 feet of 6-inch
10 pipeline to serve new and future industrial demand within the Ridgeville Industrial
11 Campus. In the Summerville area, the Company installed 11,420 feet of 6-inch
12 pipeline to serve multiple residential subdivisions within the Nexton Development
13 and provide improved system reliability in the area.

14
15 **Q. DID THE COMPANY UNDERTAKE ANY PROJECTS DURING THE**
16 **REVIEW PERIOD TO IMPROVE THE SAFETY, INTEGRITY, AND**
17 **RELIABILITY OF ITS NATURAL GAS SYSTEM?**

18 **A.** Yes. In addition to system expansion, SCE&G completed a number of
19 projects to improve system safety, integrity and reliability.

20 During the Review Period, SCE&G initiated work on two additional inline
21 inspection ("ILI") projects on two transmission pipelines totaling approximately 6
22 miles. These projects are tentatively scheduled for completion by the end of

1 September 2018. The ILI data will be analyzed when it is available after the ILI runs
2 are completed. Since implementing ILI for its transmission pipelines, SCE&G has
3 conducted ILI on five pipelines totaling approximately 52 miles. To date, we have
4 completed ILI on approximately 40% of our pipelines which are currently capable
5 of being inspected by the technology. After these two additional projects are
6 completed, we will have conducted ILI on 58 miles which is approximately 44% of
7 the current ILI capable lines.

8 In addition to ILI, SCE&G conducts additional enhanced inspections of its
9 transmission pipeline system. These inspections are targeted to those transmission
10 pipelines deemed most susceptible to damage by third parties, specifically those
11 residing in road rights-of-way corridors where excavation by others is more
12 common. To date, we have completed inspections on approximately 54 miles of
13 pipeline in road right-of-way corridors and have made 63 repairs in total, 35 having
14 resulted from third party damage.

15 As for the Company's distribution system, over the last several years
16 SCE&G has replaced vintage polyethylene 3306 "black plastic" service lines
17 located within its system in accordance with recommendations by the Pipeline and
18 Hazardous Materials Safety Administration ("PHMSA"). During the Review
19 Period, the Company replaced approximately 2,800 of these service lines. To date,
20 the Company has replaced approximately 22,000 of the estimated 28,000 (updated
21 from the previous estimate of 31,000) "black plastic" service lines in the system and
22 work continues on this multi-year replacement program.

1 Q. PLEASE BRIEFLY DESCRIBE THE SAFETY PERFORMANCE OF
2 SCE&G CONCERNING ITS NATURAL GAS SYSTEM.

3 A. As a regulated natural gas utility, SCE&G is subject to comprehensive
4 federal and state regulation. At the federal level, PHMSA, acting through the Office
5 of Pipeline Safety, has developed pipeline safety regulations over the years. These
6 pipeline safety regulations include, among other things, provisions governing
7 pipeline design, construction, testing, operations, maintenance, and emergency
8 response activities. There are also specific requirements for training and qualifying
9 personnel to work on natural gas systems, as well as additional requirements for
10 administering integrity management programs for both gas transmission and
11 distribution pipelines. The South Carolina Office of Regulatory Staff monitors the
12 Company's compliance with pipeline safety regulations.

13 SCE&G has an outstanding safety record due in large part to the Company's
14 safety-focused culture. SCE&G's highest priority is to safeguard and protect those
15 individuals who come into contact with the SCE&G system, including employees,
16 customers, and the public at-large. Moreover, the Company employees who work
17 on SCE&G's pipeline system and at the LNG facilities take great pride in safety
18 performance.

19
20 Q. WHAT ARE YOU REQUESTING OF THE COMMISSION IN THIS
21 PROCEEDING?

22 A. The primary commitments of SCE&G continue to be to operate our system

1 in a safe, reliable and efficient manner. Further, our employees are committed to
2 providing outstanding customer service and operational excellence. During the
3 Review Period, the Company prudently managed its business operations, which
4 included the purchase and recovery of its gas supplies and administration of the
5 PGA. Therefore, on behalf of SCE&G, I respectfully request the Commission find
6 that the Company has recovered its gas costs for the Review Period consistent with
7 its tariffs and Commission orders and that it has purchased its gas supplies and
8 administered the PGA in a prudent and reasonable manner.

9
10 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

11 **A. Yes.**